

**KENTUCKY MASTER COMMISSIONER**  
**FAQ SHEET**

**1. What Is FICA?**

The Federal Insurance Contributions Act is a Federal Law that assesses Social Security and/or Medicare Taxes. The combined tax rate is 7.65% with the breakdown as follows: Social Security (Retirement, Survivors, and Disability) at 6.2% and Medicare (Hospital Insurance) at 1.45%.

The combined tax rate (employer and employee share) is 15.3%.

**2. Why does the State of Kentucky match FICA for Master Commissioners?**

Based on two legal precedents, (*Shamburger v. Commonwealth*, Ky, 240 S.W.2d 636 (1951) and an October 7, 1953 OAG Letter), the Master Commissioner has been viewed as an employee of the Commonwealth for Social Security purposes. In keeping with the Section 218 Agreement of the Social Security Act, Section 218(b)(3), the term “employee” includes an officer of a State or political subdivision.

The Internal Revenue Code – Section 3401(c) defines “employee” as an officer, employee, or elected official of the United States, a State, or any political subdivision thereof, or the District of Columbia, or an agency or instrumentality of any one or more of the foregoing . . . .

Since the positions of Master Commissioner are considered employees for Social Security purposes, the Division of Local Government Services has the responsibility to report FICA wages for Master Commissioners. As of July 1, 2005, the AOC will be responsible for the matching of FICA wages.

**3. Who sets the maximum amounts for Master Commissioner Wages?**

The Administrative Office of the Courts (AOC) is responsible for determining the maximum amounts for Master Commissioner Wages. We reset the maximum at the beginning of each calendar year to \$48,000 for each Master Commissioner until we are notified in writing from the AOC that the maximum has been increased for the current year.

**4. What are the allowable deductions from gross wages as it concerns Social Security and Medicare?**

If you are participating in Kentucky Employee Retirement Systems(KERS), you are allowed to deduct the 5% contribution from your gross wage. For example, your monthly

gross wage is \$1000, you will pay Social Security and Medicare on \$950 and the Commonwealth will match on the \$950.

If you participate in the State's Health Insurance Plan, you may also deduct the employee's premium.

**5. If my maximum is \$48,000, why then if I am participating in KERS is my maximum for FICA \$46,500?**

You are allowed the 5% for allowable tax deductions while participating in KERS. Therefore, your taxable wage becomes \$46,500. We will report your taxable wage. However, your gross maximum is still \$48,000.

**6. Are individuals who are Special Master Commissioners eligible for FICA matching?**

Not according to the AOC. If a person has not been appointed a Master Commissioner, then the status of a Special Master Commissioner is considered by the AOC as an independent contractor since special commissioners are specifically used in temporary, special circumstances and are not in the same relationship as an appointed Master Commissioner. If you are a Master Commissioner assigned to do "special" work, you are still a Master Commissioner and are still considered an employee for Social Security purposes.

**7. Who else can receive FICA matching in a Master Commissioner's Office?**

Any person who performs services as an employee from the fees collected shall receive a W-2.

**8. When will I receive my W-2?**

W-2s are sent out of our office before the end of every January.

**9. What is the latest date to receive the final report without being issued a Form W-2c(Corrected Wage and Tax Statement)?**

January 10 of every year. After this date, any reports submitted will result in a W-2c.